



CITY OF ROANOKE OFFICE OF THE CITY MANAGER

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March 15, 2004

The Honorable Ralph K. Smith, Mayor
The Honorable Nelson Harris, Vice-Mayor
The Honorable William Bestpitch, Council Member
The Honorable Rupert Cutler, Council Member
The Honorable Alfred Dowe, Council Member
The Honorable Beverly Fitzpatrick, Jr., Council Member
The Honorable Linda Wyatt, Council Member

Dear Mayor Smith and Members of City Council:

**Subject: Amendment to South Jefferson
Cooperation Agreement 2 with
City of Roanoke Redevelopment
and Housing Authority**

Background:

On March 19, 2001, the City of Roanoke entered into a cooperation agreement with the City of Roanoke Redevelopment and Housing Authority (RRHA) concerning the development of the South Jefferson Redevelopment Area into a research and technology park. The agreement expires on March 19, 2004, but is subject to being extended by agreement of the parties.

The cooperation agreement budget of \$14 million allowed for the acquisition of property in Areas 1 and 1A only. Currently, only \$13 million of the total budget has been appropriated by the City. Approximately \$1 million of water and sewer funding for related infrastructure has not yet been appropriated and will not be needed. However, in order to obtain some of the property in Area 1, RRHA has been negotiating with Roanoke City Mills, Incorporated, (sometimes known as Mennell Mills) (hereafter RCM) to purchase RCM's property on the west (Area 1) and east side (Area 3) of Jefferson Street. In order to enter into an agreement with the RRHA for the purchase of the RCM property in Area 1, which is necessary for the redevelopment project to move forward, RCM requested that the RRHA enter into an agreement for the purchase of the RCM property in Area 3. The RCM property in Area 3 had not been scheduled to be acquired at this time. Therefore, in 2001, the RRHA cooperation agreement budget did not include funds to purchase such property. Additional funding for this purchase will be provided from the issuance of General Obligation Public Improvement Bonds, as well as by the proceeds from property sales in Areas 1 and 1A.

Considerations:

Section One ("Term of SJC Agreement 2") of the South Jefferson Cooperation Agreement 2 between the City of Roanoke and the City of Roanoke Redevelopment and Housing Authority provides that the agreement expires on March 19, 2004. In order for the redevelopment of the area to continue, this agreement's terms must be extended. A five year extension is proposed, with subsequent extensions upon agreement of the parties. Additionally, the budget needs to be amended to allow for the acquisition of the RCM property in Area 3. An additional \$8,065,000 needs to be incorporated into the amended budget for the purchase of the RCM property. Approximately \$2,569,250 will come from the proceeds of the land sales in Areas 1 and 1A and will be retained by RRHA to be applied to the purchase of the RCM property, and the remaining amount (approximately \$5,495,750) will come from the issuance of the above bonds. An amended budget dated March 11, 2004, is attached hereto as Attachment 1 that reduces the budget by \$1,000,000 of water and sewer funding not needed, and increases the budget by \$8,065,000 for purchase of the RCM property, for a net budget increase of \$7,065,000.

Recommended Action:

Authorize the City Manager to execute an Amended South Jefferson Cooperation Agreement 2, in a form approved by the City Attorney, that will provide for a five-year extension, provide for the RRHA to try to acquire the RCM property in Area 3, and an amended budget that provides for the acquisition of the RCM property in Areas 1 and 3.

Approve the amended budget referred to above.

Appropriate \$5,495,750 of bond funds to be paid to RRHA per the amended budget referred to above.

Authorize the City Manager to take further actions and execute further documents as may be needed to implement and administer the extended South Jefferson Cooperation Agreement 2 and the amended budget.

Respectfully submitted,



Darlene L. Burcham
City Manager

DLB/sem

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c: Mary F. Parker, City Clerk
William M. Hackworth, City Attorney
Jesse A. Hall, Director of Finance
Elizabeth A. Neu, Director of Economic Development
John Baker, Roanoke Redevelopment and Housing Authority
Sherman Stoval, Acting Director of Management and Budget

CM04-00051

**South Jefferson Redevelopment Area
Amended Eight-year RRHA Project Budget: 2001-2009
Revised March 11, 2004**

	<u>RRHA Budget</u>
Acquisition – Area 1 and 1A	\$7,844,070
Acquisition – Roanoke City Mills, Incorporated (RCM) Property*	\$8,065,000
Relocation – Area 1 and 1A	\$978,237
Acquisition/Relocation additional Properties	\$158,550
Appraisals	
Acquisition Appraisals	\$65,000
Disposition Appraisals	\$10,000
Environmental Testing	\$250,000
Environmental Remediation	\$325,000
Consultant Fees	\$350,000
Demolition	\$563,959
Site Clearance	\$150,000
Direct Administrative Support	\$280,184
Reimbursables	\$10,000
Property Maintenance	\$15,000
Improvements to Initial Site	\$2,000,000
Estimated Development Costs	\$21,065,000

* Note: The amount of approximately \$ 2,569,250 to be used to fund the above Amended Budget and the acquisition of the RCM property will come from the sale of RRHA property in Areas 1 and 1A to Carilion/ CBI.